

**REMARKS/ARGUMENTS**

Claims 1-18 are pending. Claims 1-2, 13, and 17 have been amended. Support for the amended claims may be found on page 26, lines 5-25. No new matter has been added.

**I. Claim Rejections Under 35 U.S.C. §112**

Claims 2-4 are rejected under 35 U.S.C. §112, second paragraph, as being indefinite because it is not clear how the seller could charge the cost of the medium to the user. Claim 2 has been amended. As amended, claim 2 now recites in part "the first action involving displaying a message asking the user if he or she wishes to purchase the medium for some amount to purchase the stamps." Support for this amendment is found on page 25, lines 8-12, of the original specification. Claim 2 should be allowable. Claims 3-4 depend from claim 2 and are allowable because amended claim 2 is now definite and fully supported by the original specification.

**II. Claim Rejections Under 35 U.S.C. §102(e)**

Claims 1-9, 13-14, and 16-17 are rejected under 35 U.S.C. 102(e) as being anticipated by Kara (U.S. Patent No. 6,505,179). Allowance of the claims are respectfully requested for the reasons discussed in this response in view of the amended claims. As amended, the claims are allowable because each and every limitation is not shown or disclosed by the cited reference.

Although the Applicant does not agree that claim 1 is anticipated by Kara, claim 1 has been amended to further distinguish it from Kara. Claim 1 has been amended to further recite "determining whether or not the user has already used a maximum allotted free medium if the first CRM information indicates that the medium has been distributed as a free sample, causing the value indicium to be printed on the medium to generate a value stamp if the medium has been previously purchased or if the user has not yet used the maximum allotted free medium.". Support for this amendment can be found throughout the specification, specifically in Fig.11 and on page 26, lines 5-25 of the originally filed specification.

This added feature is not shown or disclosed in Kara. In Kara, "universally available preprinted forms are used in a general purpose printing device to allow for the subsequent verification." See Abstract, lines 1-3 of Kara. Accordingly in Kara, "medium" or preprinted paper form has little intrinsic value as further indicated by the following quote: "Thus, the seller of stamps (money orders or other document) need not maintain all of the possible denominations or variations of the documents and only need maintain the relatively valueless paper form." See column 3, lines 3-16 of Kara.

Since the medium or preprinted paper form in Kara has little value as expressly indicated above, there should be no need to limit each user's use of free medium or free label sheets in Kara and consequently Kara does not show or disclose this added feature. For at least this reason, claim 1 should be allowable. Claims 2-12 depend from claim 1 and should be allowable for at least similar reason as claim 1 and for the additional limitations they recite.

As amended, claims 13 and 17 contain similar additional feature as claim 1; for example, claim 13 recites in part "determining whether or not the user has already used a maximum allotted free medium if the CRM information indicates that the medium has been distributed as a free sample, causing the value indicium to be printed on the medium to generate a value stamp if the medium has been previously purchased or if the user has not yet used the maximum allotted free medium."

For at least similar reason as claim 1, claims 13 and 17 should be allowable because Kara does not show or disclose each and every limitation of the amended claims 13 and 17. Claims 14-16 depend from claim 13 and should be allowable for similar reason as claim 13 and for the additional limitations they recite.

New claim 18 depends from claim 1 and further limits the step of determining whether or not the user has already used the maximum allotted free medium by assigning a counter to each user and incrementing it by one each time user uses a free label sheet to purchase stamps. Support for the claim 18 is found in Fig. 11 (including steps 1114 and 1126) and relevant portions of the application. See page 25, lines 22-25 and page 26, lines 8-9.

### **III. Claim Rejections Under 35 U.S.C. §103(a)**

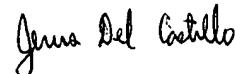
Claims 10-12 and 15 are rejected under 35 U.S.C. 103(a) as being unpatentable over Kara. Although the Office action acknowledged that Kara does not disclose the limitations of claims 10-12 and 15, claims are rejected because it would have been obvious matter of design choice to modify the invention of Kara to obtain the invention.

To establish a prima facie case of obviousness, three basic criteria must be met: (1) there must be some suggestion or motivation, either in the references themselves or in the knowledge generally available to one of ordinary skill in the art, to modify the reference or to combine reference teachings; (2) there must be a reasonable expectation of success; and (3) the prior art reference must teach or suggest all the claims limitations. MPEP §2143.

As argued above, the reference cited by the Office action fail to provide all the elements of the rejected claims. In addition, Kara and the arguments set forth in the Office action fail to provide evidence of a showing of a motivation to modify the invention of Kara to obtain the invention because the medium or preprinted paper form in Kara has little value and thus there is no need to limit each user's use of free medium or free label sheets in Kara. For at least this reason, claims 1 and 13 are allowable. Since claims 10-12 and 15 depend from claims 1 and 13, they are allowable for at least similar reason and for the additional limitations they recite.

In view of the foregoing, Applicants believe all claims now pending in this Application are in condition for allowance. The issuance of a formal Notice of Allowance at an early date is respectfully requested. If the Examiner believes a telephone conference would expedite prosecution of this application, please telephone the undersigned at 650-326-2400.

Respectfully submitted,



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